

**U.S. Small Business Administration  
Regional Office**

900 Market Street  
5<sup>th</sup> Floor  
Philadelphia, PA 19107

Phone: 215-580-2807  
Fax: 215-580-2800

**In this issue:**

Regional Administrator Message	page 1
Regional Events	page 2
Agencies Doing Better	page 2
Virtual Campus	page 3
Disaster Program	page 3
504 Loan Program	page 4

**For More Information**

- SBA Answer Desk:  
1-800 U ASK SBA
- Fax: 202-205-7064
- E-mail: [answerdesk@sba.gov](mailto:answerdesk@sba.gov)
- TDD: 704-344-6640
- Your rights to regulatory fairness:  
1-888-REG-FAIR
- SBA Home Page: [www.sba.gov](http://www.sba.gov)

*All of the SBA's programs and services are provided to the public on a nondiscriminatory basis.*

*Region III's district offices are located in Wilmington, DE; Baltimore, MD; Philadelphia, PA; Pittsburgh, PA; Richmond, VA; Clarksburg, WV; and the District of Columbia.*



## MESSAGE FROM THE REGIONAL ADMINISTRATOR ALLEGRA F. MCCULLOUGH

*"Since the founding of our country, small businesses have contributed immeasurably to our progress and economic strength. Small business is an enduring symbol of the American Dream."—SBA Administrator Hector V. Barreto*



The year 2003 is a great milestone for the United States Small Business Administration. It is our 50<sup>th</sup> Anniversary. Since its inception in 1953 the SBA has helped more than 20 million Americans start, grow and expand their businesses—placing more than \$170 billion in direct or guaranteed loans into the hands of entrepreneurs.

For the last 50 years, the SBA has played a vital role in ensuring that the door to the American Dream is open to all entrepreneurs. This is an opportune time to acknowledge the contributions of America's small businesses.

Several exciting anniversary events are scheduled. On Friday, August 1, 2003, Former Senator Bob Dole will join SBA Administrator Hector Barreto and National Archivist John Carlin at a special dedication of Public Law 163, the Act creating the SBA, at the Eisenhower Library and Museum in Abilene, Kansas.

One of the cornerstone events of the 50<sup>th</sup> will be the National Entrepreneurial Conference and Expo, September 17-19 in Washington DC. During the Conference, the National Small Business Person of the Year will be announced and a new "Hall of Fame," honoring the highest achievements in entrepreneurialism, will be inaugurated.

Throughout the year, a number of events will take place across the country. In early March, Region III will host a special regional anniversary celebration in the Clarksburg-Morgantown area of West Virginia. I will keep you posted as this event takes shape during the next few months.

SBA's redesigned website has great information on the many anniversary celebrations, especially the National Entrepreneurial Conference and Expo. Please check the website at [www.sba.gov](http://www.sba.gov) and click on the 50<sup>th</sup> Anniversary logo that appears on the right.

I hope to see many of you in the next several months as we join together to celebrate the accomplishments of America's 23 million small businesses.

## Events Around the Region

On August 27, a **Regional Procurement Fair/Workshop/ Matchmaking Event**, sponsored by SBA's Region III and the Capital District Contracting Center- Fort Belvoir, VA will take place from 9:00 a.m. until 3:00 p.m. at Fort Belvoir, VA. Participants will include Regional Administrator Allegra McCullough, SBA's Region III staff and procurement officials from the Federal Government arena. L. Henry Gilford, President/CEO, Gilford Corporation, and the Washington Metropolitan Area District Office recipient of the *2003 Small Business Person of the Year Award*, will be the keynote speaker.

**Delaware:** SBA joins USDA, the Delaware and Sussex County Economic Development Offices, Main Street, SBDCs, SCORE and other officials at Small Business Day in Milford, Delaware on August 11. The event will begin with a Town Hall Meeting followed by a walking tour of the Main Street business community in the afternoon. For more information, call the office at 302-573-6294.

**Maryland:** The 8<sup>th</sup> Annual Women in Business Breakfast: Enterprising Women will be held on Friday, August 8 from 7:30 a.m.--9:00 a.m. Join the Baltimore Business Journal as it presents the 8th Annual Women in Business Breakfast at Martin's West in Woodlawn, MD. The event will focus on the achievements and contributions of Maryland's women entrepreneurs. This informative event will feature the following speakers: Melanie Sabelhaus, Deputy Administrator of the SBA, Malynda Hawes Madzel, President of Custom Telemarketing Services and Laura Gamble, President of Bank of America, Baltimore. This event is sponsored by University of Phoenix Maryland Campus. Seating is limited and registration is required. For information call the Baltimore Business Journal at 410-576-1161.

**Philadelphia:** Plans are underway for the Philadelphia District Office's 50<sup>th</sup> anniversary celebration. Tentatively planned for the Spring, 2004, this celebration will focus on issues of importance to both start-up businesses and those in various stages of growth. We are asking our partners to help us identify businesses that we have helped together over the past 50 years. Specifically, we are looking for those businesses from 1953 to 1989 that the SBA provided assistance to, whether it was in the form of counseling, training, or financial assistance. Please contact Joseph McDevitt at 215-580-2706 for more information.

**Pittsburgh:** "Get Onboard the *new* SBAExpress-s" Open House will be held on August 21 at the Riverside Innovation Center on the North Shore. The SBA and seven skilled *Express* lenders will work in partnership to convey the benefits of the simplified SBAExpress Loan Program to target entry markets at the Business Information Center. Local SBDC and SCORE personnel will be on hand to guide and assist the Open House participants. Concurrently in another area throughout the day, there will be a Financial Analysis Workshop. SBA's role will be to facilitate connections between the 100 borrowers, lenders, and resource partners and demonstrate accessibility to them. For more information call 412-395-6560.

**West Virginia:** The West Virginia Small Business Summit, sponsored by the West Virginia Chamber of Commerce, will be held at the Greenbrier Resort in White Sulphur Springs, WV on August 28-29. The program provides attendees with information on the impact of small business on West Virginia's economy. SBA District Director Murray has been invited to speak on economic statistics of small business and how this relates to a "Vision Shared," a survey conducted by Market Street Associates on economic conditions in West Virginia.

## Federal Regulatory Agencies Doing Better

Federal regulatory agencies are doing better at creating and maintaining a small-business friendly attitude toward the nation's small businesses, according to the fiscal 2002 annual report to Congress from the U.S. Small Business Administration's National Ombudsman.

More than 30 agencies and their divisions received ratings from National Ombudsman Michael Barrera on their resolution of complaints about excessive enforcement.

"The ratings and the report are indicators of the government's relationship with the small business community," said SBA Administrator Hector V. Barreto. "Some regulations are necessary, but when enforcement is excessive or unfair, time and money is diverted from employee training, customer service, facility improvements, or healthcare benefits.

As a result of the Congressional authority granted to the ombudsman's office and the direction provided by President Bush's agenda for small business, the creative energy of the nation's entrepreneurs is where it belongs – helping the economy expand and grow by putting more Americans to work."

As required by the 1996 Small Business Regulatory Enforcement Fairness Act, Barrera's office reports annually to Congress on federal regulatory enforcement activities. Agencies are evaluated on how quickly they respond and resolve concerns from small businesses and the quality of those responses; representation by the agencies at regulatory fairness hearings held around the country; regulatory compliance assistance provided by agencies; and adoption and enforcement of non-retaliation policies by the agencies.

The report is available online at [www.sba.gov/ombudsman/dsp\\_reports.html](http://www.sba.gov/ombudsman/dsp_reports.html).

## SBA Launches Expanded Virtual Campus

The SBA recently introduced the new E-Business Institute, an expanded online training resource for small businesses.

The Institute is a virtual campus offering online courses, workshops, information resources, learning tools and direct access to electronic counseling and other forms of technical assistance.

As a one-stop learning portal, the E-Business Institute is like the hub of a wheel with many spokes-supporting many customers in many ways. Key features of the Institute include the following:

- More than 50 *free* online courses, workshops and electronic guides;
- Direct links to information about SBA training events all over the country;
- A virtual library with over 200 free E-books & publications, numerous prominent business magazines, national newspapers and links to the *best of the best* business resource sites around the country;
- Direct links to approximately 30 universities and colleges offering online business programs;
- Access to many powerful electronic resources for young entrepreneurs;
- Integration of SBA's online and other training resources, and;
- Availability of virtual workshops or web events that are industry specific and meet the day to day needs of small businesses.

Not only is the E-Business Institute a customer-focused vehicle for expanding electronic government, it is an important dimension in shaping SBA as ***America's Small Business Home Page***. Check it out at [www.sba.gov/training](http://www.sba.gov/training)!



*Nancy A. Osborne of Charleston, West Virginia, receives a disaster loan check from Allegra F. McCullough, Regional Administrator. McCullough visited West Virginia after the recent flooding there to distribute checks as part of SBA's disaster assistance loan program.*

## SBA Offers Home and Personal Disaster Loan Assistance

Did you know that the SBA has a disaster loan program that is not solely limited to providing assistance to small businesses? If you are in a declared disaster area and are the victim of a disaster, you may be eligible for assistance from the SBA, even if you don't own a business. As a homeowner, renter or personal property owner, you may apply to the SBA for a loan to help you recover from a disaster.

SBA's website has a wealth of information about the disaster loan program. In addition, you will find detailed and valuable information about disaster preparedness and disaster recovery for your business. The site also provides valuable links to additional resources available to help you prepare for emergencies and natural disasters. The website address is: [www.sba.gov/disaster\\_recov/prepared/getready.html](http://www.sba.gov/disaster_recov/prepared/getready.html).

SBA's Area I Director is William E. Leggiero, Jr. The office is located at 360 Rainbow Boulevard, Niagara Falls, New York 14303. The telephone number is 716-282-4612.



# SBA's 504 Program Contributes to Community Development

SBA's Certified Development Company Loan Program is a long-term financing tool for economic development within a community. The 504 Program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. A Certified Development Company is a nonprofit corporation set up to contribute to the economic development of its community. CDCs work with the SBA and private-sector lenders to provide financing to small businesses. There are about 270 CDCs nationwide and 23 within Region III.

Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan secured with a junior lien from the CDC (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business being helped.

The maximum SBA debenture is \$1 million for meeting the job creation criteria or a community development goal. Generally, a business must create or retain one job for every \$35,000 provided by the SBA.

The maximum SBA debenture is \$1.3 million for meeting a public policy goal:

- Business district revitalization
- Expansion of exports
- Expansion of minority business development
- Rural development
- Enhanced economic competition
- Restructuring because of federally mandated standards or policies
- Changes necessitated by federal budget cutbacks
- Expansion of small business concerns owned and controlled by veterans
- Expansion of small business concerns owned and controlled by women

Proceeds from 504 loans must be used for fixed asset projects such as purchasing land and improvements, including existing buildings, grading, street improvements, utilities, parking lots and landscaping, construction of new facilities or modernizing, renovating or converting existing facilities or purchasing long-term machinery and equipment. The 504 Program cannot be used for working capital or inventory, consolidating or repaying debt, or refinancing.

To be eligible, a business must be operated for profit and fall within the size standards set by the SBA. Under the 504 Program, a business qualifies as small if it does not have a tangible net worth in excess of \$7 million and does not have an average net income in excess of \$2.5 million after taxes for the preceding two years. Loans cannot be made to businesses engaged in speculation or investment in rental real estate.

For more information about the 504 Program or for a list of Certified Development Companies throughout the region, visit the SBA's website at [www.sba.gov/financing/sbaloan/cdc504.html](http://www.sba.gov/financing/sbaloan/cdc504.html).



## SBA's 504 Program Benefits Lenders, Borrowers and the Local Economy

### Benefits to Lenders

- First mortgage on real estate! – low collateral risk – 50% LTV
- Fixed market interest rate for 504 portion which increases borrower's repayment capacity – lower credit risk
- Participate in projects that might normally exceed your lending limits
- CRA credit
- Bank first mortgage may be sold to national buyers
- Mitigate risk return to shareholders

### Benefits to Borrowers

- Low Down Payment \* usually 10%-20%
- Preserves working capital for expected growth
- Fixed interest rate on 504 portion of loan-that can usually help with a more favorable third party lender loan
- Long term financing
- Collateral limited to project assets in many cases
- In "credit crunch" – getting a loan at all

### Benefits to Local Economy

- Jobs creation or retention
- Outside capital investment, tax base increase
- Stimulation of other development
- Greater access to capital for "underserved" markets